

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2428 - HB 2364**

March 8, 2014

**SUMMARY OF BILL:** Authorizes certain rural electric cooperatives to provide telephone service, either local or long distance, lease lines or equipment for the vocal or written transmission of messages, or any related services for which a charge is made.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- The provisions of the bill limit applicability to rural electric cooperatives who provide electric service to Clay, Lake, Hancock, Moore, Pickett, Trousdale, or Van Buren counties, owns an existing dark fiber network, and does not provide broadband internet service to any residents of the county served by a rural telephone cooperative as of January 1, 2014.
- Pursuant to Tenn. Code Ann. § 65-25-203, electric cooperatives are organized and operated on a nonprofit basis and without pecuniary gain, and shall furnish their services on an area coverage basis at the lowest cost consistent with sound business principles.
- Rural electric cooperatives are not considered to be a state or local government entity, therefore any fiscal impact to state or local government is considered to be not significant.

**IMPACT TO COMMERCE:**

**Other Fiscal Impact - A precise impact to commerce is indeterminable, however is estimated to be positive.**

Assumptions:

- The provisions of the bill are permissive and would only apply to a rural cooperative currently owning an existing dark fiber network, and any potential broadband service provided to customers by a rural electric cooperative would be done on a nonprofit basis and any costs borne would be recovered through charges to its customers for service.

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- It is unknown how many customers will received broadband service by the cooperative, how many of such customers will be private businesses, the cost for such service, and how many businesses will be impacted; therefore a precise impact to commerce throughout the state cannot be determined, however any such impact to commerce is estimated to be positive.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh